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# MONTANA LEGISLATIVE HISTORY

Chapter 583 19 83

Bill H 747 S _____ Original bill & history ✓ C

| H. Committee on Taxation | | S. Committee on Taxation | |
|---|---|---|---|
| Hearing Date(s) 3/1 | ✓ C | Hearing Date(s) 3/25 | ✓ C |
| 3/12 | ✓ C | 3/29 | ✓ C |
| | C | | C |
| | C | | C |
| Date Out | C | | |

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Did this bill originate in an interim committee? ____ Yes ✓ No

Committee _____ Report _____

| Chap. Num. | Senate Bill | House Bill | Sponsor | Title |
|---|---|---|---|---|
| 678 | | 171 | Williams | An act to revise the laws relating to the annexation of land into a fire district by deleting the provision for protests by freeholders within the area of the existing fire district; requiring approval by the board of trustees of a petition for annexation to the fire district; requiring published notice of a hearing on a petition for annexation to a fire district; amending section 7-33-2125, MCA.....Page 1626 |
| 679 | | 228 | Quilici | An act promoting consistency and continuity in the adoption and application of environmental rules after an application for an environmental permit has been completed; amending section 90-1-101, MCA.....Page 1627 |
| 680 | | 335 | Nilson | An act to increase license fees for activities regulated by the Department of Fish, Wildlife, and Parks; to establish a Class A-7 antlerless elk license; amending sections 87-2-301, 87-2-304, 87-2-501, 87-2-505, 87-2-507, 87-2-508, 87-2-601, and 87-2-701, MCA; and providing effective dates.....Page 1628 |
| 681 | | 606 | Koehnke | An act to establish the 55-mile-an-hour speed limit by legislative enactment; clarifying that a violation is not a misdemeanor; amending sections 61-8-304, 61-8-305, and 61-8-718, MCA; repealing Chapter 122, Laws of 1977; and providing an immediate effective date. .....Page 1631 |
| 682 | | 742 | O'Connell | An act to allow the options of assessing street lighting district costs according to the taxable valuation of the property; providing that protest be weighted according to the amount to be assessed against the property; amending sections 7-12-4305 and 7-12-4323, MCA; and providing an immediate effective date.....Page 1632 |
| 683 | | 747 | Marks | An act clarifying administration and reporting requirements related to the privilege tax for possession or beneficial use by a private individual, association, or corporation of property which for any reason is exempt from taxation; providing exemptions; amending sections 15-23-101 and 15-24-1203, MCA; and providing a severability clause and an applicability date.....Page 1633 |
| 684 | | 749 | Hemstad | An act providing for job sharing in state personnel positions; defining "job sharing"; encouraging the use of job sharing to increase productivity and employment opportunities; and requiring a report on implementation of job sharing to the 49th Legislature; amending sections 2-18-101 and 2-18-102, MCA.....Page 1635 |
| 685 | | 776 | Shontz | An act reestablishing the Board of Aeronautics under existing statutory authority and rules and changing the qualifications for membership on the Board; requiring the Board to approve airport grants and loans; amending sections 2-8-103 and 2-15-1812, MCA; and providing an immediate effective date.....Page 1638 |
| 686 | | 871 | Fagg | An act creating an Economic Development Board; creating an economic development guaranty fund; providing for the issuance of bonds to finance projects; designating types of projects to be funded; creating accounts necessary for carrying out the program; and providing rulemaking authority; amending section 90-6-104, MCA. .....Page 1641 |
| 687 | | 909 | Marks | An act requiring the Governor or his designee to study and prepare recommendations for providing services to developmentally disabled persons; and providing an effective date.....Page 1657 |
| 688 | | 928 | Bengtson | An act providing for administration of the cultural and aesthetic grants program by the Montana Arts Council; providing for grant conditions and expenditures; appropriating money for certain projects; and providing an effective date.....Page 1658 |
| 689 | 170 | | Boylan | An act to provide for reversion to the former owner of certain interests in real property acquired for a public use and later abandoned; and to modify the right of first refusal of the former owner of a real property interest acquired for a public use and later abandoned; amending sections 70-30-321 and 70-30-322, MCA.....Page 1661 |
| 690 | 186 | | Elliott | An act to authorize the Coal Board to consider applications for loans from the local impact and education trust fund account and to award grants and loans to governing bodies of federally recognized Indian tribes; and providing limitations; amending sections 90-6-205, 90-6-206, 90-6-208, and 90-6-209, MCA. .....Page 1662 |

CONFERENCE COMMITTEE APPOINTED: 04/18/83

CONFERENCE COMMITTEE REPORT: 4/21/83

HOUSE
2ND READING: 04/21/83, ADOPTED AYES: 66; NAYS: 29
3RD READING: 04/21/83, ADOPTED AYES: 71; NAYS: 22

SENATE
2ND READING: 04/21/83, BE ADOPTED AYES: 50; NAYS: 0
3RD READING: 04/21/83, BE ADOPTED AYES: 50; NAYS: 0

TRANSMITTED TO GOVERNOR: 4/21/83
SIGNED: 4/29/83

HB 746 -- DARKO, MOHAR, B. BROWN, ET AL. -- CHANGING METHODS OF PROVIDING COMMUNITY COLLEGE SERVICES OUTSIDE OF PRESENT DISTRICTS BY AUTHORIZING THE CREATION OF COMMUNITY COLLEGE SERVICE REGIONS UPON APPLICATION BY THE GOVERNING BODY OF A COUNTY, MUNICIPALITY, OR ELEMENTARY OR HIGH SCHOOL DISTRICT; REQUIRING A SERVICE PLAN AND APPROVAL OF THE REGION ELECTORATE, THE COMMUNITY COLLEGE BOARD OF TRUSTEES, AND THE BOARD OF REGENTS; ALLOWING A PROPERTY TAX MILL LEVY TO FUND REGIONAL COMMUNITY COLLEGE SERVICES; PROVIDING THAT ANNEXATION TO AN EXISTING COMMUNITY COLLEGE DISTRICT REQUIRES THE TERRITORY TO BE ANNEXED TO BE WITHIN A COUNTY CONTIGUOUS TO THE DISTRICT; ALLOWING TRUSTEES DISCRETION IN CALLING AN ANNEXATION ELECTION; AMENDING ....

INTRODUCED: 02/12/83
REFERRED TO COMMITTEE ON EDUCATION & CULTURAL RESOURCES: 02/12/83
HEARING: 2/16/83
REPORT: 02/16/83, DO PASS
2ND READING: 02/18/83, DO PASS AYES: 87; NAYS: 9
3RD READING: 02/21/83, DO PASS AYES: 90; NAYS: 9

TRANSMITTED TO SENATE: 2/21/83
REFERRED TO COMMITTEE ON EDUCATION & CULTURAL RESOURCES: 3/1/83
HEARING: 3/11/83
REPORT: 03/17/83, BE CONCURRED IN, AS AMENDED
2ND READING: 03/19/83, BE CONCURRED IN AYES: 23; NAYS: 24
2ND READING: 03/19/83, BE INDEFINITELY POSTPONED AYES: 24; NAYS: 23

RETURNED TO HOUSE 3/19/83

RETURNED TO SENATE FOR FURTHER CONSIDERATION 3/21/83
2ND READING: 03/23/83 AYES: 36; NAYS: 14
3RD READING: 03/25/83 AYES: 34; NAYS: 15

RETURNED TO HOUSE WITH AMENDMENTS: 03/25/83
2ND READING: 03/31/83, BE CONCURRED IN AYES: 88; NAYS: 0
3RD READING: 04/01/83, BE CONCURRED IN AYES: 86; NAYS: 0

TRANSMITTED TO GOVERNOR: 04/14/83
SIGNED: 04/19/83, CHAPTER 575

HB 747 -- MARKS, RAMIREZ, BERTELSEN, ET AL. -- CLARIFYING ADMINISTRATION AND REPORTING REQUIREMENTS RELATED TO THE PRIVILEGE TAX FOR POSSESSION OR BENEFICIAL USE BY A PRIVATE INDIVIDUAL, ASSOCIATION, OR CORPORATION OF PROPERTY WHICH FOR ANY REASON IS EXEMPT FROM TAXATION; AMENDING ....

INTRODUCED: 02/12/83
REFERRED TO COMMITTEE ON TAXATION: 02/12/83
HEARING: 3/1/83
REPORT: 03/14/83, DO PASS, AS AMENDED
2ND READING: 03/19/83, DO PASS, AS AMENDED AYES: 80; NAYS: 7
3RD READING: 03/22/83, DO PASS AYES: 90; NAYS: 3

TRANSMITTED TO SENATE: 3/22/83
REFERRED TO COMMITTEE ON TAXATION: 3/23/83
HEARING: 03/25/83
REPORT: 03/30/83, BE CONCURRED IN, AS AMENDED
ON MOTION, 4/4/83, THAT PASS CONSIDERATION BE GIVEN TO THE BILL ON 2ND READING THIS DATE. MOTION PASSED UNANIMOUSLY.
2ND READING: 04/05/83, AS AMENDED AYES: 35; NAYS: 12
3RD READING: 04/06/83 AYES: 41; NAYS: 9

RETURNED TO HOUSE WITH AMENDMENTS: 4/6/83
2ND READING: 04/08/83, BE CONCURRED IN AYES: 92; NAYS: 0
3RD READING: 04/09/83, BE CONCURRED IN AYES: 83; NAYS: 5

TRANSMITTED TO GOVERNOR: 04/15/83
RETURNED WITH AMENDMENTS: 4/19/83

HOUSE
2ND READING: 04/20/83, CONCURRED IN AYES: 93; NAYS: 1
3RD READING: 04/20/83, CONCURRED IN AYES: 97; NAYS: 1

TRANSMITTED TO SENATE: 04/21/83
2ND READING: 04/21/83, BE ADOPTED AYES: 50; NAYS: 0
3RD READING: 04/21/83, BE ADOPTED AYES: 49; NAYS: 1

RETURNED TO HOUSE 4/21/83

TRANSMITTED TO GOVERNOR: 4/21/83
SIGNED: 4/29/83, CHAPTER 683

HB 748 -- DRISCOLL, FULLER -- PERMITTING A MEMBER OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM WHOSE EMPLOYMENT IS INVOLUNTARILY TERMINATED TO PURCHASE ADDITIONAL YEARS OF SERVICE IN THE RETIREMENT SYSTEM; ....

INTRODUCED: 02/12/83
REFERRED TO COMMITTEE ON STATE ADMINISTRATION: 02/12/83
HEARING: 2/16/83
DIED IN COMMITTEE

HB 749 -- HEMSTAD, BENGTSON, FARRIS, ET AL. -- PROVIDING FOR JOB SHARING IN STATE PERSONNEL POSITIONS; DEFINING "JOB SHARING"; ENCOURAGING THE USE OF JOB SHARING TO INCREASE PRODUCTIVITY AND EMPLOYMENT OPPORTUNITIES; AND REQUIRING A REPORT ON IMPLEMENTATION OF JOB SHARING TO THE 49TH LEGISLATURE; ....

INTRODUCED: 02/12/83
REFERRED TO COMMITTEE ON LABOR & EMPLOYMENT RELATIONS: 02/12/83
HEARING: 2/17/83
REPORT: 02/19/83, DO PASS, AS AMENDED
2ND READING: 02/22/83, DO PASS, AS AMENDED AYES: 92; NAYS: 4
3RD READING: 02/23/83, DO PASS AYES: 86; NAYS: 7

INTRODUCED BY Hawks BILL NO. 747
Mark Ramirey Gutelius Swift
Mallson Eddie Tay Swift

A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING ADMINISTRATION AND REPORTING REQUIREMENTS RELATED TO THE PRIVILEGE TAX FOR POSSESSION OR BENEFICIAL USE BY A PRIVATE INDIVIDUAL, ASSOCIATION, OR CORPORATION OF PROPERTY WHICH FOR ANY REASON IS EXEMPT FROM TAXATION; AMENDING SECTION 15-23-101, MCA; AND PROVIDING AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Reporting requirements -- rules. (1) Each person who is a possessor or a beneficial user of tax-exempt property must, on or before March 1 each year, file with the department of revenue a statement of the possession or other beneficial use of tax-exempt property in the preceding calendar year and the value thereof. The statement must be in the form prescribed by the department and must be verified by the possessor or beneficial user or, in the case of an association or corporation, by an officer of the association or corporation. The statement must include:

(a) the name and address of the person, association, or corporation;

(b) the location of the tax-exempt property; and

LC 1265/01

(c) the gross value in dollars and cents of the tax-exempt property.

(2) The department may adopt any reasonable rules necessary to insure that the possessor or other beneficial user of tax-exempt property complies with the provisions of this part.

NEW SECTION. Section 2. Centrally assessed tax-exempt property. The possession or beneficial use of tax-exempt property that exists in more than one county or more than one state must be administered under the provisions of this chapter.

Section 3. Section 15-23-101, MCA, is amended to read:

"15-23-101. Properties centrally assessed. The department of revenue shall centrally assess each year:

(1) the franchise, roadway, roadbeds, rails, rolling stock, and all other operating property of railroads operating in more than one county in the state or more than one state;

(2) property owned by a corporation or other person operating a single and continuous property operated in more than one county or more than one state, including telegraph, telephone, microwave, electric power or transmission lines, natural gas or oil pipelines, canals, ditches, flumes, or like properties; and tax-exempt property subject to the provisions of Title 15, chapter 24, part 12;

INTRODUCED BILL

(3) all property of scheduled airlines;

(4) the net proceeds of mines and of oil and gas wells; and

(5) the gross proceeds of coal mines."

NEW SECTION. Section 4. Codification instruction. (1) Section 1 is intended to be codified as an integral part of Title 15, chapter 24, part 12, and the provisions of Title 15, chapter 24, part 12, apply to section 1.

(2) Section 2 is intended to be codified as an integral part of Title 15, chapter 23, and the provisions of Title 15, chapter 23, apply to section 2.

NEW SECTION. Section 5. Applicability. This act is applicable to taxable periods beginning after December 31, 1983.

-End-

MINUTES OF THE MEETING OF THE HOUSE TAXATION COMMITTEE
March 1, 1983

The meeting was called to order at 8:00 a.m. by Chairman Yardley. Roll call was taken and all committee members were present except Representative Nordtvedt, who was excused but came into the meeting later.

Testimony was heard on HB 713, HB 717, HB 736, HB 747 and HB 753.

HOUSE BILL 747

REPRESENTATIVE BOB MARKS, District 80, sponsor of HB 747, said HB 747 is an act clarifying administration and reporting requirements related to the privilege tax for possession or beneficial use by a private individual, association, or corporation or property which for any reason is exempt from taxation. The tax exempt property that the sponsor of the bill is specifically interested in is the Bonneville Power line that runs across several counties in Montana. That power line hooks onto privately owned power lines. The plan will take the power line through a number of Montana counties. The Bonneville Power administration, through an amendment on an appropriation bill in Congress, received authority to come through the eastern side of the continental divide and build a line that could be hooked up to Coalstrip 3 and 4. The counties that the power line went through did not receive any benefit from the construction of that line. No payment in lieu of taxes was given, except on rare occasions and that was just on a onetime basis. House Bill 747 would impose a privilege tax. It is unfair for government owned power companies to come in and compete with privately owned power companies. If the power line would have been privately owned, the counties would have received taxes off that line

Proponents

DON LARSON, the assessor for Jefferson County, passed out copies of EXHIBIT 1. Mr. Larson said some of the counties through which the Bonneville Power line passes receive some benefits from the construction of the line but some of the counties do not receive anything. He asked that this committee give a favorable recommendation on HB 747.

LARRY LATTEN, manager of the Kyler Ranch, Boulder, Montana, said the Bonneville Power line has heavily impacted the ranch he manages. It is not fair to have to shoulder the responsibility of a power line where the primary beneficial use goes out of the state of Montana. Since he has to live with those power lines, he said it would only be fair for the power company to help out with the taxes.

WAYNE BUCHANAN, representing the Montana School Board Association, said he thinks it is refreshing to see a bill that will add to the county base instead of taking away from it. He asked for a do pass on HB 747.

REPRESENTATIVE VERNER BERTELSEN, District 27, said he supports HB 747. It will help the counties out.

REPRESENTATIVE BOB REAM, District 93, said Missoula County lost benefits equaling $1.2 million, in taxes, when the Bonneville Power Administration (BPA) took over construction of the power line.

Opponents

GENE PHILLIPS, representing the Pacific Power and Light Company, said they are very sympathetic to the problems faced by those people living in the counties affected by the Bonneville lines and the fact that Bonneville has not made any payments in lieu of taxes because of those lines - we feel that they should have. However, the problems Pacific Power and Light (PPL) have with the bill are based on the nature of their operations in the state of Montana. Utilities such as PPL are taxed on a unitary basis and the Department of Revenue looks at three indicators when they assess the taxes:

1. Stock and Debt
2. Plant
3. Capitalized Income

MR. PHILLIPS said 95% of all power distributed is purchased power. He said PPL purchases its power from Bonneville Power. The impact on PPL will be substantially different than it will be on other power companies.

JIM GLEASON, Manager of the Tax Department for Pacific Power and Light, said PPL is a six-state operation. Montana has less BPA line mileage than any other western state. From administrative points of the bill, there are some problems. He said when they report value to a company, they report what is on their books of record. In this instance, PPL is being asked to relinquish something that is not on their books of record. He said PPL would not be able to report "use of the power line" in advance.

MR. GLEASON said there are access capacity contracts on the line. There are provisions whereby PPL could be dropped off the line. The use is not guaranteed. Pacific Power and Light does not control, administer or operate the line. In effect, PPL obtains a service from BPA.

MR. GLEASON said there are definitional problems with the bill. He asked if gross value means the total cost, proportional cost or historical cost, less depreciation? He said the word "possession" is used in the bill. Mr. Gleason said PPL does not possess the line.

MR. GLEASON said the intent of the bill is very specific. It is intended to cover the 500 KV line. However, Mr. Gleason said they believe this bill opens the door to a much greater use or a much greater potential on coverage than just that line.

MR. GLEASON said it was mentioned that PPL is taxed by the Department of Revenue on three indicators of value. The Department sets a percentage on each of those three indicators to the extent that power that PPL transmits across this line is sold and that money is reported as an increase in net operating income. Mr. Gleason said PPL is already taxed on that line or any line from which PPL receives benefit. In effect, if this bill is passed, PPL will be paying a double taxation.

MR. GLEASON said all taxes go into the cost of services. If Montana assesses a property tax, that tax will go into the costs of services and will be paid by the customers.

MR. GLEASON said with any transmission line PPL has worked with, PPL has worked with property owners in the placement of those lines. Mr. Gleason said he is sure there has been recovery in the counties for the purchase of easements.

MR. GLEASON said he can appreciate Representative Marks' position on the bill and can appreciate those who are impacted but reminded the committee that if this bill is passed, there will be a lot of other people who will be impacted.

JACK BURKE, representing Montana Power Company, said this proposal will mean additional costs to the power users of Montana. Mr. Burke said there are two federal power marketing agencies in Montana: 1) Bonneville Power Administration; and 2) Western Area Power Administration. If HB 747 is passed, the utilization of the facilities owned and located in Montana by those two federal power marketing agencies would be subject to a tax. That tax would be borne by the electric consumers. Arrangements are made between the power suppliers in that Montana Power uses their transmission lines and the federal power marketing agencies use Montana Power lines on a reciprocal basis. The federal power marketing agencies are not taxed. When Montana Power uses their lines, Montana Power, in a sense, pays for that usage by letting the federal power marketing agencies use the Montana Power lines. If Montana Power is taxed for using the federal power marketing agencies transmission lines, that cost will be passed onto the consumers. If the facility should be taxed, it should be taxed directly instead of indirectly as it would be in this bill, which would result in higher costs to electric consumers.

REPRESENTATIVE MARKS, in closing, said HB 747 may need some amending. There will be a statement of intent for this bill. Line 1, page 2, may be amended by changing "gross value" to "market value". The wording on the bottom of page 2 should include language that would say the tax exempt property would not be anything other than the property being discussed today.

REPRESENTATIVE MARKS said he cannot see where the rate payers will be assessed an additional charge any more than they would have, had that line been built by a private partnership. If it had been built by a private partnership, as was originally planned, the property tax would have been in place and the rate payers would have ultimately picked up that charge.

REPRESENTATIVE MARKS said the problem with not knowing how much use you would have on the lines could be taken care of by charging for the use after the fact.

REPRESENTATIVE MARKS said there was a concern about possession. There are court cases that indicate they do not have to have possession, but merely use.

REPRESENTATIVE MARKS said if Montana went to Congress to ask for an "in lieu of" payment, what would happen if the other federally owned projects came in and asked for the same thing. If Congress did provide "in lieu of" payments, those payments would be reduced from the privilege tax collected from this. If the privilege tax is applied, a large amount of that tax would be picked up by consumers outside of the state of Montana.

REPRESENTATIVE MARKS asked for favorable consideration of this bill.

Questions from the committee were heard at this time.

REPRESENTATIVE ASAY said the lines are built with taxpayers' dollars but yet there is no way to get that money back? Mr. Gleason said if the burden is unequal, there would be a payment back and forth - maybe not in dollars but instead in power.

CHAIRMAN YARDLEY asked Randy Wilke, Department of Revenue, if he saw any administrative problems with this bill. Mr. Wilke said the two areas in which Representative Marks proposed to make changes would make the bill easier to work with. Chairman Yardley asked Mr. Wilke if he would draft those proposals into amendments. Mr. Wilke said he would do that.

REPRESENTATIVE REAM asked what percentage of power from this line is going out-of-state. Mr. Gleason said it depends on the flow of power used by BPA. Representative Ream said he had heard the percentage would be about 75%. Mr. Gleason said that was not correct and would guess the percentage to be about 50%.

The hearing was closed on HB 747.

REPRESENTATIVE ASAY said most people who are going to be covered in this bill are young people. He said he thinks there would be a positive fiscal impact.

REPRESENTATIVE DOZIER said the $100 interest income exemption, from adjusted gross income, would not include most young people who are just starting out because it takes quite a bit of savings to have $100 in interest.

The motion was voted on and PASSED. All committee members voted yes except Representatives Asay, Devlin, Nordtvedt, Underdal and Zabrocki, who voted no.

House Bill 29

REPRESENTATIVE HARP moved to TABLE HB 29.

The motion was voted on and PASSED. All committee members voted yes except Representatives Asay, Nordtvedt, Jacobsen, Switzer and Zabrocki, who voted no.

House Bill 747

HOUSE BILL 747 is an act clarifying administration and reporting requirements related to the privilege tax for possession or beneficial use by a private individual, association or corporation of property which for any reason is exempt from taxation.

MS. FEAVER said there had been discussion of amending the bill to include 500 KV lines.

REPRESENTATIVE HARP said he opposes the bill. He said he thought there were several 500 KV lines in his area. If this committee amends the bill and passes it, we could affect more lines than we want to.

REPRESENTATIVE WILLIAMS said whatever this committee decides upon will have to be instituted statewide. He said this needs a thorough study before this committee takes action.

REPRESENTATIVE VINGER said if just one 500 KV line was specified, he would feel better about passing the bill.

REPRESENTATIVE BERTELSEN moved to amend HB 747 to lines 500KV, AC/DC, or more.

REPRESENTATIVE REAM made a substitute motion to amend the bill to lines 250 KV or more.

CHAIRMAN YARDLEY suggested leaving the limit at 500 KV until we find out if there are more that one line that would be affected.

REPRESENTATIVE REAM withdrew his motion.

The motion to amend HB 747 was voted on and PASSED unanimously.

REPRESENTATIVE NEUMAN said there were other amendments to HB 747 that were proposed by the sponsor of the bill.

JIM OPPEDAHL, legislative researcher for the Legislative Council, said those amendments would change the gross value of the tax exempt property to the market value.

REPRESENTATIVE BERTELSEN moved the amendments to the bill. (See EXHIBIT 3.)

The motion was voted on and PASSED unanimously.

REPRESENTATIVE SWITZER moved HB 747 DO PASS AS AMENDED.

The motoin was voted on and PASSED. All committee members voted yes except Representatives Harrington, Neuman, Nilson, Nordtvedt and Williams, who voted no.

House Bill 511

HOUSE BILL 511 is an act to increase the cigarette sales tax and the liquor excise tax in order to finance long-range building bonds.

REPRESENTATIVE NORDTVEDT said this bill is just another tax source which people think is necessary to fund certain buildings. This bill could pass and the building program could fail and the money would then go to the general fund.

REPRESENTATIVE VINGER said he opposes the bill because the money is going into the general fund and there is enough money to retire bonds from the Montana taxpayers. We should not select these two individual taxes that have no relation to long-range buildings.

REPRESENTATIVE UNDERDAL moved HB 511 DO NOT PASS.

REPRESENTATIVE HARP said HB 511 is a smoke screen and we should see through this for what it is.

REPRESENTATIVE NORDTVEDT said people are misinterpretting his earlier statements. He said he may vote for the bill. It is a general tax bill and is not tied to long-range buildings, but cigarette taxes have not kept up with inflation. If this bill does not pass, the $7 million will have to come out of the long-range building program and the general fund.

EXHIBIT 3
3-12-83

AMENDMENTS TO HOUSE BILL 747

(1) Page 2, Line 1
Delete: "gross"
Insert: "market"

(2) Page 2, Line 24
After: "like Properties;"
Delete: "and tax exempt property subject to the"

(3) Page 2, Line 25
Delete: "provisions of Title 15, Chapter 24, Part 12;"

(4) Page 3, Line 4
After: "(5) the gross proceeds of coal mines"
Insert: "; and"
Add: "(6) tax exempt electric power or transmission lines."

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 25, 1983

The fifty-fourth meeting of the Taxation Committee was called to order at 8 a.m. by Chairman Pat M. Goodover in Room 415 of the Capitol Building.

ROLL CALL: All members were present except Senator Hager.

CONSIDERATION OF HOUSE BILL 747: Representative Bob Marks, House District 80, said this bill deals with the construction of nontaxable power lines like Bonneville Power Administration (BPA) or Western Energy and taxing the privilege of using tax-exempt property. Here, there are the power lines built by BPA. When the Colstrip 3 and 4 facilities and power lines were planned, application was made under the Major Facilities Siting Act for the plant in Colstrip and in Hot Springs as well. It went through the process and the lines were approved through Townsend. Townsend couldn't use 740 megawatts of electricity. BPA was then requested to build from Townsend to a point on the Continental Divide. This was without precedent. They went to Congress and attached it to an appropriation measure, and that was the only authorization they had to build the power line. Congress passed it, and Montana Power and a consortium involved in Colstrip got the BPA to come in. BPA doesn't have to go through the Major Facilities Siting Act, which raised a lot of dissention. The proposal during the application process was for people to look at the tax base they will get out of this. The power line is not in the corridor it was intended to go through either. It started at the river in Townsend and ran through Jefferson County. It hooks onto the power line in Townsend and then goes through Missoula, etc. It is now completed, and they propose to wheel 500 KV or more of electricity across the county. There is no good purpose served in the counties it crosses; you cannot just take one kilovolt of electricity out of there. It will have an impact on Jefferson and Broadwater Counties. If the privilege tax is applied, it will require additional rulemaking authority to ask for records in order to determine the amount of power.

PROPONENTS

Bob Lawmeyer, Superintendent of Schools in Boulder, said if Montana Power Company was building the line, elementary School District 7 would have a total tax base of $2 million. They have 250 students to educate, so that is $8,000 per student. Twenty-seven miles through District 7 would have a taxable value of $1.7 million, which would double their tax base. The tax is important to Jefferson County--it brings parity to where the government has built lines as if Montana Power had built the line.

Maynard Olson, representing the Office of Public Instruction, submitted a memorandum from Ed Argenbright, attached as Exhibit A.

Tim Stearns, representing the Northern Plains Resource Council, submitted written testimony, attached as Exhibit B.

Gregg Groepper, Property Assessment Division of the Department of Revenue, didn't take a position on the bill, but he said they don't have the facilities to go out and get the information now.

OPPONENTS

Gene Phillips, representing Pacific Power and Light (PPL), said they don't feel HB 747 is the way to reach the problem. They are a 10% participant at Colstrip 3 and 4. They will meet their peak load of 140 megawatts in the northwestern part of Montana. They generate less than 5% of the power, he said; the rest is imported. According to their transmission agreement with BPA, PPL will deliver to BPA at Garrison whatever their share is of Colstrip 3 and 4, to provide power to a substation in the Flathead and Libby areas. This bill doesn't address the way the system really operates. They deliver to BPA, and BPA delivers to them. The restriction in the bill to a 500 KV line may create a problem. They have all sizes of lines. He submitted that their solution was suggested in a March 25, 1983, article in the Missoulian (see Exhibit C).

Bob Quinn, representing Montana Power Company, said that because a portion of the tax would be passed on to consumers, they oppose HB 747.

Questions from the committee were called for.

Senator Towe asked Mr. Phillips if the lines from Garrison were owned by BPA. Mr. Phillips said that the lines from Townsend to Garrison are owned by BPA. Their contract calls for the power to be measured at Garrison.

Senator Towe thought the bill was drafted much too broadly. Representative Marks referred to 15-24-1203, MCA, in response to his comment.

Senator Towe commented that the added language on page 3, lines 7-10, should be affirmatively stated. Representative Marks noted that the previous section is affirmatively stated and agreed that lines 7-10 on page 3 could be changed to be consistent with that. If you got below 500 KV, he said, you could include smaller lines and REAs.

Senator Elliott asked Mr. Phillips if the Flathead lines were 230 KV, and Mr. Phillips responded they were and that they are contemplating an additional 230 KV.

Senator Elliott asked Representative Marks why this didn't extend to Forest Service lands. Representative Marks said if they took out the Forest Service exemption, the bill might not pass.

Senator Crippen, addressing Representative Marks, said that Manley's bill last session couldn't measure energy and this taxable value.

Senator Towe asked Gregg Groepper if the Department of Revenue had explored imposition of this tax. If the language is as clear as it appears to be, it should apply right now, he said. Mr. Groepper said that BPA has no trespassing. Being able to use as a beneficial use encourages them to clean up when they leave, so they don't have to pay taxes.

Senator Crippen didn't feel the Department of Revenue could divide the amount of beneficial use under this bill. Mr. Phillips said it is hard for many people to understand how this is going to work. There are 90+ utilities in the Pacific Northwest. Who gets the benefits? Is the Department of Revenue going to go to Washington and Oregon and tax them, too, he asked.

Senator Crippen asked, if they could measure the benefit they have, was there a way that they could add that tax on in the process of exchanging or selling power. Mr. Phillips thought it could be done. They take power from BPA from four locations in Montana.

Senator Crippen asked if they were required to pay any beneficial use tax on power taken from Washington. Mr. Phillips said they don't pay a beneficial use tax in any of the six states in which they operate. Mr. Quinn from Montana Power indicated that the tax would be included in any rate increase requested.

Mr. Phillips stated that PPL sells more power to Montana Power Company than PPL buys from them. They have exchange contracts with BPA. They can tell how much comes in and how much comes out at certain points, but they can't tell what goes on in between.

Senator Eck wondered if HB 747 would expand beyond the transmission lines and property covered under this act. Mr. Groepper replied that they are trying to get centrally assessed utilities to provide information so they can start assessing that value.

Senator Eck asked if the Department of Revenue had discussed this with the Public Service Commission to see what impact it would have on Montana ratepayers. Mr. Groepper replied they had not.

Senator Crippen asked, if the Department of Revenue did charge, how much would fall on consumers in Montana. Montana beneficial users probably use only 30% of line use. Mr. Groepper said the Department would have the authority to bill all 90+ utilities mentioned earlier.

In closing, Representative Marks said this includes other power lines which will be built in the future, not just BPA. If we need 500 KV lines in Montana, let private enterprise build them. They will have to go through the Major Facility Siting Act first, but you will have the tax base there.

The statement of intent gives authority to draft rules to get the necessary information. Congress has not taken care of the impact yet. Keep the lines in Montana, and keep them private, he said.

The meeting adjourned at 9 a.m. so committee members could attend other committee hearings in order to meet transmittal deadlines. The committee will meet in executive session on Saturday, March 26, at 8 a.m.

_____

Chairman

EXHIBIT A
March 25, 1983
House BILL/RES 747

# The Office of Public Instruction

**Ed Argenbright**
State Superintendent

State Capitol
Helena, Montana 59620
(406) 449-3654

March 25, 1983

TO: Senator Pat M. Goodover, Chairman
Senate Taxation Committee

FROM Ed Argenbright
Superintendent

RE: H.B. 747, "an act clarifying administration and reporting requirements related to the privilege tax for possession or beneficial use by a private individual, association, or corporation of property which for any reason is exempt from taxation...".

The Office of Public Instruction supports H.B. 747 for the following reasons:

1. Such property provided for in this bill would noramlly be owned by private interests and, therefore, would be on the tax rolls for financing of cities, counties and school districts in providing vitally-needed services to people living in these areas.

2. By taxing the privilege of using properties (i.e. Bonneville Power Administration lines) belonging to the Federal government, equity and fairness are provided.

3. Public utility companies should pay for services in a county or community along with the owners of private residences and small businesses.

4. Local property taxpayers will get some well-deserved relief if H.B. 747 is passed and implemented. For example, the Bonneville Power Administration estimates that the eight western counties crossed by their 500 kilowatt lines will lose $7 million annually in tax benefits since these lines will not be privately owned. If House Bill 747 is approved, the privilege tax included in the bill will increase the tax benefits to those eight counties by $7 million annually.

5. The privilege tax is a fair method of spreading the tax burden to include public utilities.

Therefore, we support H.B. 747 in order to provide assistance to school districts and counties where these facilities are located.

EA:dkk

EXHIBIT B
March 25, 1983
House BILL/RES. 747

HOUSE BILL 747 Marks

This bill alters the administration and reporting reporting requirements of the privilege tax. Its effect will be to make utilities wheeling electricity on federal powerlines to pay the taxes on those federal transmission lines. The utilities will in turn pass these taxes on through to their customers. The rate effects to customers will be slight, but the revenues to the local governments crossed by these lines will be very large.

The counties being crossed by these federal lines deserve to receive the tax benefits of those projects.

It will be a relatively small fiscal impact on all northwest ratepayers who receive the benefits of that electricity. It only seems that those localities receiving the costs of those lines be justly compensated. The costs include fire protection, law enforcement, road maintenance, not to mention the visual and environmental impacts and possible health affects.

The Northwest Power Planning Council cites a current population of 7.97million residents and growing to 9.76m - 12.76m by the year 2000. Using the BPA preferred alternative which would yield $6.316m per year in tax revenue, a crude analysis would render the following:

| YEAR | POPULATION | TAX REVENUE | ANNUAL TAX | MONTHLY |
|---|---|---|---|---|
| 1983 | 7.97m | $6.316m | $.79 | $.065 |
| 2000 (low) | 9.76m | $6.316m | $.647 | $.05 |
| 2000 (high) | 12.76m | $6.316m | $.49 | $.04 |

NOTE: this assumes constant dollars and only distributes tax costs among residents, not different rate classes. It also not attempt to project for the years in between 1983 and 2000.

Shouldn't ratepayers be forced to pay the full cost of electrical service? Afterall this was one of the major selling points for the project. No one should be forced to subsidize other ratepayers.

Ironically, without this bill tax revenues to the local counties will decrease since the 125 foot BPA right-of-way will be tax exempt. Bonneville Power Administration is developing an impact aid formula which seeks to offset the increase costs of servicing their facilities; however, it only includes actual costs not taxes lost or forgone. This was required in the Northwest Electrical Power Planning and Conservation Act. A stronger attempt to require payments-in-lieu of taxes was defeated.

VOTE YES ON HOUSE BILL 747!

### 4.2.6 Fiscal Impacts

Because BPA is a tax-exempt federal entity and is not subject to property or corporate income taxes, the proposed project's fiscal impacts would be limited to personal income and sales taxes. The personal income taxes would be paid on construction worker income and on income induced by construction worker and construction contractor expenditures. Sales taxes would be paid on local expenditures made by construction workers, construction contractors, and others who spend project-related induced income. This section will estimate personal income and sales taxes by state for each of the three alternative plans.

Although BPA would not pay taxes on any of its transmission facilities, the property tax issue cannot be totally ignored. Local residents have expressed concern over BPA's tax-exempt status and the revenues that would be foregone if the line is constructed by a federal agency rather than a private utility. Consequently, this section will also present results of a revenues foregone analysis that determined property taxes that would be paid if the transmission project were to be constructed by a private utility.

#### Short-term effects: first-year revenues foregone

Because the proposed project would be constructed and energized over a period of several taxable years, first-year revenues foregone would not occur in all of the affected counties in any one year. However, in order to simplify this analysis, it was assumed that the completion of transmission line and substation facilities would coincide with the start of a taxable year. In addition, the analysis used BPA's September 1981 cost estimates, which differed slightly from the more recent cost estimates presented in Section 1.2.4.

Table 4-22 presents the first-year revenues foregone that would result from BPA's tax-exempt status and demonstrates the importance of the public/private sponsorship distinction. If the Garrison-Spokane 500-kV Transmission Project were sponsored by a private utility, the total first-year property tax liabilities for least-impact routes would range from $3,888,000 for the Hot Springs plan to $5,450,000 for the Taft plan. If the project were not tax-exempt, it would result in substantial revenue increases in several counties. The least-impact Hot Springs plan's first-year revenues would represent 12.7 and 17.5 percent

#### Long-term revenues foregone

Following the straight-line and constant value scenario methodologies outlined in Section 2.2.8, Table 4-23 presents the cumulative long-term revenues foregone for the least-impact route of each plan. The figures in the table include cumulative property taxes that would be paid on both transmission line and substation facilities, which were assumed to have taxable lives of thirty-nine and twenty-eight years, respectively. Under the straight-line depreciation scenario, the cumulative revenues foregone by all counties range from $68.4 million for the Hot Springs plan to $103.6 million for the Taft plan. Under the constant value scenario, the cumulative revenues foregone range from a total of $145.6 million for the Hot Springs plan to $201.7 million for the Taft plan.

In actuality, tax assessors would not strictly adhere to either of these scenarios. Rather, a more complex valuation process resulting in tax revenues between the values indicated under the two scenarios in Table 4-23 is more likely to occur.

The expense of constructing and/or upgrading access roads will be borne by BPA. Also, roads used exclusively for maintenance of the transmission lines will be maintained at BPA's expense.

Easements will be obtained whenever private lands are crossed by the transmission lines, leaving the lands on the tax rolls. No impacts are expected in general tax assessment values.

The lack of tax revenue from the transmission lines is addressed under Issue #13.

Issue #11 - Process Followed for Corridor Selection

The process followed for corridor selection is described in the Colstrip Transmission Environmental Report (TER), Volume 1 of the Colstrip Project EIS, and the Decision Document. The same process was followed for consideration of Alternatives to the Designated Corridor addressed in this supplement.

Issue #12 - Construction and Mitigation Measures

Mitigation measures to be followed during construction, operation, and maintenance are addressed in the mitigation section in this Supplement, pages 2-2 and 3-5.

Issue #13 - Lack of Tax Revenue to Local Governments

Bonneville Power Administration does not have legislative authority to pay taxes or in-lieu-of-taxes on its facilities. The figures for tax revenue that would have been paid had a private utility built this transmission line on the state-approved corridor were given in both the Montana DNRC DEIS (Volume Four, page 233) and the Colstrip Project EIS (Volume 1, pages 3.2-55 and 56).

They are based on county-wide average mill rates, which vary by school district within each county, and which are generally highest in cities or towns (which this line would not cross). The figures are, therefore, probably somewhat high. The following figures reflect the revenues which would accrue to the counties if a private utility were to build the Townsend-Garrison Substation in the proposed corridor.

| County | Approximate Mill Rate 1979-80 | Approximate Miles of BPA Line | Annual Revenue per Mile of Line | Total Annual Revenue |
|---|---|---|---|---|
| Broadwater | 175 | 17 | $13,293 | $225,981 |
| Jefferson | 210 | 43 | $15,952 | $685,936 |
| Powell | 150 | 33.5 | $11,394 | $381,699 |

The figures above include levels for the state school foundation program and the state university system plus county roads, city planning, sewers, etc.

TABLE 4-23

Cumulative Totals: Long-term Property Tax Revenues Foregone
Least-impact Alternatives
(thousands of 1981 dollars)

| County | Hot Springs Plan | | Plains Plan | | Taft Plan | |
|---|---|---|---|---|---|---|
| | Straight-line Depreciation | Constant Value | Straight-line Depreciation | Constant Value | Straight-line Depreciation | Constant Value |
| Powell | $ 7,055 | $ 13,695 | $ 7,321 | $ 14,212 | $ 6,239 | $ 12,102 |
| Granite | 7,292 | 14,219 | 7,809 | 15,227 | 14,609 | 28,487 |
| Missoula | 18,173 | 35,437 | 29,035 | 56,619 | 25,601 | 49,923 |
| Lake | 2,590 | 5,050 | - | - | - | - |
| Sanders | 31,984 | 62,307 | 25,081 | 48,842 | - | - |
| Mineral | - | - | - | - | 48,955 | 95,329 |
| Shoshone | 2,188 | 4,267 | 2,188 | 4,267 | 2,733 | 5,329 |
| Kootenai | 2,875 | 5,607 | 2,875 | 5,607 | 2,875 | 5,607 |
| Spokane | 2,599 | 5,044 | 2,599 | 5,044 | 2,599 | 5,044 |
| TOTAL | $ 68,406 | $145,620 | $ 76,908 | $149,818 | $103,611 | $201,765 |

Source: Mountain West Research, Inc., 1981.

TABLE 4-22

First-year Property Tax Revenues Foregone
Least-impact Alternatives
(thousands of 1981 dollars)

| County | 1979 County Revenue | Hot Springs Plan Revenues Foregone | Hot Springs Plan % of 1979 Revenue | Plains Plan Revenues Foregone | Plains Plan % of 1979 Revenue | Taft Plan Revenues Foregone | Taft Plan % of 1979 Revenue |
|---|---|---|---|---|---|---|---|
| Powell | $ 5,499 | $ 416[a] | 7.6 | $ 429[a] | 7.8 | $ 375[a] | 6.8 |
| Granite | 2,867 | 365 | 12.7 | 390 | 13.6 | 730 | 25.5 |
| Missoula | 88,822 | 909 | 1.0 | 1,452 | 1.6 | 1,280 | 1.4 |
| Lake | 20,731 | 129 | 0.6 | - | - | - | - |
| Sanders | 9,465 | 1,660[b] | 17.5 | 1,320[c] | 13.9 | - | - |
| Mineral | 3,422 | - | - | - | - | 2,637[d] | 77.1 |
| Shoshone | 13,832 | 110 | 0.8 | 109 | 0.8 | 137 | 1.0 |
| Kootenai | 26,055 | 144 | 0.6 | 144 | 0.6 | 144 | 0.6 |
| Spokane | 102,070 | 147[e] | 0.1 | 147 | 0.1 | 147[e] | 0.1 |
| TOTAL | $272,763 | $3,880 | | $3,991 | | $5,450 | |

Source: Montana Department of Community Affairs, Local Government Finances, Montana Counties, Raw Data by Year, 1980; Washington State Auditor's Department, Local Government Comparative Statistics, 1980; Idaho State Auditor's Department, Consolidated Financial Statement of Forty-Four Counties, 1979.

Note: Including county revenue and trust and agency revenue.

[a] Includes $228,000 for Garrison II substation.

[b] Includes $221,000 for Hot Springs substation.

[c] Includes $241,000 for Plains substation.

[d] Includes $689,000 for Taft substation.

[e] Includes $83,000 for Bell substation expansion.

# BPA offer not enough, officials say

## Local commissioners want utility to pay for impact of power lines

By STEVE WOODRUFF
of the Missoulian

Officials from six western Montana counties Thursday dismissed as "insignificant" Bonneville Power Administration's plan to pay local governments affected by Colstrip powerlines.

County commissioners and attorneys meeting in Missoula told BPA that they want the agency to pay local governments for tax money they will lose when 500-kilovolt powerlines are built.

But BPA district manager George Eskridge said there is no way his agency will make payments in lieu of taxes on the powerlines it is building through western Montana.

Thursday's meeting was intended to help county officials and BPA work out a specific method of reimbursing counties for expenses local governments incur as a result of powerline construction. However, the discussion quickly turned into a debate over payments in lieu of taxes.

"You run the powerlines through our valleys, you disrupt our communities, but you don't pay taxes, no payments in lieu of taxes ...," complained Missoula County Commissioner Bob Palmer.

"We're spending more money in travel expenses coming to these meetings than we'll get from impact aid," Palmer added.

Joining Palmer in his attack against BPA's impact-aid proposal were officials from Granite, Mineral, Broadwater, Powell and Jefferson counties.

The powerline payment issue is rooted deep in the history of the controversial project. The powerlines were originally planned by Montana Power Co. and its private utility partners to ship electricity from generating plants in Colstrip, Montana. Power later asked BPA to build the portion of the lines from Townsend west to the Idaho border, because the company had failed to negotiate a right of way across the Flathead Indian Reservation.

Had Montana Power built the lines as originally planned, counties along the route would have collected millions of dollars annually in property taxes. Since BPA is a federal agency, it is exempt from property taxes.

Missoula County would have received an estimated $1 million annually in property taxes if Montana Power had continued with the project. Under BPA's impact-aid plan, Eskridge said the county might receive as much as $10,000 a year during construction, but less in following years.

Palmer argued that although BPA is exempt from taxes, it has the flexibility to make payments in lieu of taxes.

Eskridge, repeating a longstanding BPA position on the issue, said Thursday that the agency simply doesn't have the legal authority to make payments in lieu of taxes.

"We do not have the flexibility to go beyond our interpretation of the law," Eskridge said.

"Then change your interpretation," Palmer retorted.

Eskridge added that payments in lieu of taxes would be added to BPA electricity rates. BPA power projects give the public the direct benefit of low-cost electricity instead of taxes, he said.

Jefferson County Attorney John Connor agreed that impact-aid payments — which could be as low as $1,000 annually — are not enough.

"We can get more than $1,000 a year by holding a well-organized yard sale," he said.

Mineral County Commissioner Tom Marvin said BPA's impact aid would be too little to bother collecting.

"We'd be better off without it," he said.

BPA had asked county officials to answer a questionnaire to be used in figuring an exact formula the agency could use to make payments based on the miles of powerline running through each county.

But several county representatives said they didn't want to participate in BPA's formula.

"To say that we embrace the concept would be to prostitute our position," Palmer said after the meeting. "We're unified on this issue."

Eskridge urged the counties to participate in efforts to develop an impact-aid formula. At the same time, he added, counties could continue to pursue payments in lieu of taxes through the courts or in Congress.

Senator Towe moved that the amendments attached as Exhibit C, and the technical amendment on page 5, line 7, submitted by Dan Bucks, be adopted. The motion was seconded and passed, with Senators Crippen and McCallum voting no.

Senator Towe then moved that the following amendments be adopted:

Page 2, line 10 through line 11.
Following: "ore" on line 10
Strike: remainder of line 10 through "gas," on line 11

Page 2, line 17 through line 18.
Following: "is," on line 17
Strike: remainder of line 17, and line 18 in its entirety

The motion was seconded and passed unanimously.

Senator Towe moved that HB 582 BE CONCURRED IN AS AMENDED. The motion was seconded and passed unanimously. Senator Gage will carry the bill on the floor.

CONSIDERATION AND DISPOSITION OF HOUSE BILL 747: Senator Elliott moved that "500" on page 3, line 10, be amended to "200". No second was made to his motion. He said this will pick up Bonneville Power Administration (BPA). It might encourage them to make payments in lieu of tax. If they are only faced with one section of line they won't deal with this. Can you imagine some Washington county taxing Grand Coulee Dam? If this is attempted, it should be done on a full-scale basis.

Senator Turnage thought we should get the principle on the books now, and amend it later.

Senator Towe said the concept here is not that the federal government has a facility in the area, but that it is being used by private companies who are not paying taxes.

Senator Elliott said an illustration of this is where power is generated by Montana Power Company, sold to BPA, and sold by the BPA to places in his area, like the aluminum plant. His area should benefit just as much as the others.

Senator Lynch was against the whole idea because the consumers will end up paying the taxes.

Senator Towe moved that the amendments attached as Exhibit D be adopted. The motion was seconded and passed unanimously.

Senator Turnage moved that the following amendment be adopted:

Page 4, line 17.
Following: "1983."

Insert: "From and after December 31, 1985, this act is applicable to electric transmission lines and associated facilities of a design capacity of more than 200 kilovolts."

Cort Harrington said we should include a codification instruction directing the code commissioner to change the reference to 500 kilovolts in 15-24-1203 to 200 kilovolts when publishing the code after December 31, 1985.

Senator Turnage included Cort's suggestion in his motion. The motion was seconded and passed unanimously.

Senator Towe stated that the other states went to Washington, D.C., to get the BPA lines built. They have a benefit that they didn't expect (not paying taxes), and we are trying to make them subject to tax like everyone else. If the federal government has a building and leases it to a private party, the lessee pays the taxes; if the federal government uses that same building for itself, it is tax exempt. That is the situation here.

Senator Towe moved that HB 747 BE CONCURRED IN AS AMENDED. The motion was seconded. This taxes the users of these lines. Montanans will pay for the portion they use and Montana Power, Pacific Power & Light, and other power companies will pay about 85% and will pass that cost on to their customers in Washington and Oregon.

Senator Elliott asked Dan Bucks why Montana Power couldn't be taxed on the principle of beneficial use and why the taxable value couldn't be imputed into their taxable base.

Senator Towe recalled that Dennis Burr raised that issue two years ago. They may be able to do that without legislative action.

A roll call vote was taken on Senator Towe's motion, and it passed 9-5 (Exhibit E). Senator Towe will carry the bill on the floor.

CONSIDERATION OF HOUSE BILL 621: Senator Elliott said that if the House continues to s t on SB 414, and if this committee is willing, he would like to amend SB 414 into HB 621. HB 621 is unacceptable in its present form from an accounting standpoint. The committee noted that the issue with HB 621 was whether we could continue to adopt the Internal Revenue Code as it is amended from time to time.

CONSIDERATION OF HOUSE BILL 716: Senator Mazurek recalled that HB 716 was tabled and thought we should reconsider it. Senator Turnage asked Senator Mazurek to prepare amendments, leaving out the discounts. He didn't like the bonds being issued at a premium. Senator Mazurek will prepare amendments to submit to the committee for consideration.

The meeting adjourned at 9:20 a.m.

Chairman

Amend HB 747, Third Reading Copy, as follows:

1. Statement of Intent, page 1, line 19.
Following: line 18
Insert: "Any energy producer using a transmission line owned by the federal government and therefore not subject to state and local property taxes shall be subject to this tax. If the line is made available to private producers, the private producers who own power being transmitted over such lines shall be subject to the tax at the rates and in the manner prescribed in 15-24-1204. The allocation among several users shall be allocated according to the charge by the federal government for such use to the maximum extent possible."

2. Page 1, line 15.
Following: "Each"
Insert: "private"

3. Page 1, line 16.
Following: "property"
Insert: "subject to tax pursuant to 15-24-1203"

4. Page 3, line 7.
Following: "relates."
Strike: "No"
Insert: "The"

5. Page 3, line 9.
Following: "facilities"
Insert: "except that lines and facilities"

6. Page 3, line 10.
Following: "kilovolts"
Insert: "shall not be subject to the tax"

# STANDING COMMITTEE REPORT

March 29 19 83

MR. PRESIDENT

We, your committee on taxation

having had under consideration House Bill No. 747

Marks (Towe)

Respectfully report as follows: That House Bill No. 747

third reading copy, be amended as follows:

1. Statement of Intent, page 1, line 19.
Following: line 18
Insert: "Any energy producer using a transmission line owned by the federal government and therefore not subject to state and local property taxes shall be subject to this tax. If the line is made available to private producers, the private producers who own power being transmitted over such lines shall be subject to the tax at the rates and in the manner prescribed in 15-24-1204. The allocation among several users shall be allocated according to the charge by the federal government for such use to the maximum extent possible."

2. Page 1, line 15.
Following: "Each"
Insert: "private"

XXXXXXX

(Continued on page 2)

Chairman.

STATE PUB. CO.
Helena, Mont.

1/C

March 29 19 83

3. Page 1, line 16.
Following: "property"
Insert: "subject to tax pursuant to 15-24-1203"

4. Page 3, line 7.
Following: "relates."
Strike: "No"
Insert: "The"

5. Page 3, line 9.
Following: "facilities"
Insert: "except that lines and facilities"

6. Page 3, line 10.
Following: "kilovolts"
Insert: "shall not be subject to the tax"

7. Page 4, line 17.
Following: "1983."
Insert: "From and after December 31, 1985, this act is applicable to electric transmission lines and associated facilities of a design capacity of more than 200 kilovolts."

NEW SECTION. Section 7. Codification instruction. The code commissioner is instructed to change the reference to 500 kilovolts in 15-24-1203 to 200 kilovolts when publishing the code after December 31, 1985."

**And, as so amended**

**BE CONCURRED IN**

Pat M. Goodover Chairman.

STATE PUB. CO.
Helena, Mont.

SENATE TAXATION COMMITTEE
EXHIBIT E
MARCH 29, 1983, HB 747

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date Mar 29, 1983 House Bill No. 747 Time

| NAME | YES | NO |
|---|---|---|
| SENATOR GOODOVER, CHAIRMAN | ✓ | |
| SENATOR McCALLUM, VICE CHAIRMAN | ✓ | |
| SENATOR BROWN | ✓ | ~~✓~~ changed vote |
| SENATOR CRIPPEN | | ✓ |
| SENATOR ELLIOTT | ✓ | ~~✓~~ changed vote. |
| SENATOR GAGE | | ✓ |
| SENATOR TURNAGE | ✓ | |
| SENATOR SEVERSON | | ✓ |
| SENATOR HAGER | | ✓ |
| SENATOR ECK | ✓ | |
| SENATOR HALLIGAN | ✓ | |
| SENATOR LYNCH | ✓ | |
| SENATOR NORMAN | A | |
| SENATOR TOWE | ✓ | |
| SENATOR MAZUREK | | ✓ |

Secretary: Barbara J. Effing Chairman: Pat M. Goodover

Motion:

Towe's motion that HB 747 BCI as amended.

(include enough information on motion—put with yellow copy of committee report.)